



County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 6, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum includes information on the State Budget, the Administration's recent proposals on health care reform, a pursuit of position on a potential State Budget item, County advocacy legislation, legislation of County interest, and an Assembly hearing on foster care.

State Budget Update

Today, Governor Schwarzenegger held a brief press conference regarding the Legislature's lack of progress in completing the State Budget, indicating that he will refuse to sign any bills that reach his desk until the Legislature sends him a Budget agreement.

Health Care Reform Concept Proposals

Abandoning the pursuit of comprehensive health care reform, the Administration recently released a series of 14 legislative proposals that address some of the concepts included in the Governor's previous attempts to reform the health care system. None of the proposals would mandate health care coverage by employers or individuals. Many would tighten rules on health insurers, including mandating that insurers spend at least 85 percent of premium income on medical care, requiring health plans to provide a minimum set of benefits, and requiring State regulators' approval before rescinding policies. Most were provisions of ABX 1 (Nunez), which failed passage in the Senate Health Committee earlier this year. The Administration has been briefing key legislative

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staff in hopes of finding legislative vehicles which could be amended to include this language. Attached is a list of the Administration's proposals.

Status Of County-Advocacy Legislation

County-supported and Amended AB 31 (De Leon), which would establish the Statewide Park Development and Community Revitalization Act of 2008 and declare legislative intent to make available, upon appropriation, \$400 million in bond funds from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Bond Protection Bond Act of 2006 (Proposition 84) to the California Department of Parks and Recreation (CDPR) to distribute grants to neighborhood and regional park projects in areas of highest need, was placed on the Senate Appropriations Committee Suspense File on August 4, 2008. The Suspense File is expected to be taken up on August 7, 2008.

County-opposed AB 1917 (Dymally), as amended on June 30, 2008, would authorize the Board of Supervisors to grant enhanced death and disability benefits to doctors and dentists working in the County's jail or locked mental health facilities. Consistent with County policy to oppose the expansion of existing conditions that can be claimed for enhanced service-connected disability retirement or death benefits, our Sacramento advocates will continue to oppose this bill. AB 1917 was approved by the Senate on August 5, 2008. The 21 to 13 vote sent the measure back to the Assembly for concurrence with Senate amendments.

County-opposed AB 2204 (DeLaTorre), which would require county counsels to review all deeds or other instruments transferring title to residential property constructed prior to 1964, was placed on the Senate Appropriations Committee Suspense File on August 4, 2008. The Suspense File is expected to be taken up on August 7, 2008.

County-supported AB 2527 (Berg), which would clarify provisions that govern local public agency participation in the Targeted Case Management and Medi-Cal Administrative Activities billing options, passed the Senate Appropriations Committee on August 4, 2008, and now proceeds to the Senate Floor.

County-opposed AB 2754 (Bass), which would create a service-connected disability presumption for firefighters and law enforcement personnel who contract the methicillin-resistant staphylococcus aureus skin infection, was placed on the Senate Appropriations Committee Suspense File on August 4, 2008. The Suspense File is expected to be taken up on August 7, 2008.

County-supported AB 3028 (Salas), which would clarify that the Office of Statewide Health Planning and Development may use electronic means to review and approve hospital building construction and alteration plans, was placed on the Senate

Appropriations Committee Suspense File on August 4, 2008. The Suspense File is expected to be taken up on August 7, 2008.

County-opposed SB 1717 (Perata), as amended on May 1, 2008, would repeal provisions in existing law that result in a 15 percent reduction of the permanent disability award otherwise due an injured worker if the employer has offered the same or qualified modified work to the employee within 60 days after the employee's disability has become permanent and stationary. The CEO Risk Assessment Office indicates this amendment would increase annual County costs by \$45 million to \$55 million annually. SB 1717 is currently on the Assembly Inactive File.

Legislation of County Interest

AB 1626 (Mullin), which ensures that 1937 Act County retirement funds will be in compliance with the Federal Pension Protection Act of 2006, was signed by the Governor on August 1, 2008. This bill was sponsored by the State Association of County Retirement Systems and was supported by the LACERA Board.

AB 2904 (Hayashi), which allows a board of supervisors to review case records of any child who dies while under the current or prior supervision of the child welfare system, and would permit individual board members' offices in a county with a foster care population of more than 10,000 to review child death records to determine which cases shall be brought to the attention of the entire board of supervisors, was signed by the Governor on August 1, 2008.

Assembly Select Committee on Foster Care Hearing

On July 31, 2008, the Assembly Select Committee on Foster Care held a hearing on "Fixing Foster Care: Challenges and Solutions" in Sacramento. Speaker Karen Bass stated that there are 74,000 children living in California's foster care system and while 50 percent will reunify with their families, too many children will return to foster care because there is no long-term stable funding source to provide supportive services. The Speaker indicated that her goal is to identify a permanent, protected funding source for the foster care system.

The Committee heard testimony from numerous advocacy groups on best practices to help children reunify with their families or find permanent adoptive homes. Eric Marts, Deputy Director of the Department of Family and Children Services, testified on the Department's successful Point of Engagement Service Delivery System (POE) which has reduced the number of children in foster care through the use of innovative strategies to provide intensive services for families in crisis. Members of the Committee stated that they were impressed with the program. The Committee Chair, Assembly Member Beall, noted that the Committee likes to hear about programs like POE that

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produce good results. The Committee will conduct a second hearing on August 8, 2008 at the California Science Center in Los Angeles.

We will continue to keep you advised.

WTF:GK
MAL:MS:lm

Attachment

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants

ADMINISTRATION'S HEALTH CARE REFORM CONCEPT PROPOSALS

This is a complete list of the Administration's recently released series of legislative proposals that address some of the concepts included in the Governor's previous attempts to reform the health care system. Although none of the proposals are currently in bill form, the Administration is currently seeking appropriate existing bills that could be amended to include these concepts.

- Authorize the Public Employees Retirement System to establish a 24 hour Care Demonstration Program to provide treatment to State employees who suffer injury or illness during the course of their employment.
- Prohibit noncontracting hospitals or physicians from billing a health plan enrollee for covered emergency services and poststabilization care.
- Require all licensed prescribers or pharmacies in California to have the ability to electronically prescribe or receive prescriptions by January 1, 2012.
- Require all health plans, except Medicare supplemental plans, to include by January 1, 2010, a Healthy Action Incentives and Rewards Program.
- Require full service health care plans and health insurers issuing policies on and after July 1, 2011, to spend a minimum of 85 percent of premiums on health care benefits.
- Require health plans issued after January 1, 2009 to contain a maximum limit on out-of-pocket expenses, including copayments and deductibles.
- Require health plans that provide services to certain Medi-Cal managed care beneficiaries to be subject to the requirements by the State Department of Health Care Services.
- Create a Task Force on Nurse Practitioner Scope of Practice and require a report back to the Governor and Legislature by June 30, 2010.
- Require certain health facilities to develop, implement, and comply with, a patient safety plan to improve the health and safety of patients and to reduce preventable medical errors.
- Authorize health plans and insurers to provide electronic transmission of personal health records if certain requirements are met, including the patient's consent and compliance with Federal and State privacy laws.

- Require the State Insurance Commissioner to establish standard information and health history questions for all insurers offering or selling health insurance policies for individual policy applications, and would prohibit the health insurer from rescinding or canceling a policy unless the applicant willfully omitted information. (Note: this language is contained in two separate proposals, one amending the Insurance Code, and one amending the Knox-Keene Health Care Service Plan Act of 1975)
- Create the California Health Care Cost and Quality Transparency Committee.
- Require non-payment to hospitals for Medi-Cal services when certain adverse events occur in patients.